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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/735,794	12/14/2000	David Charles Ward	1330.1090	5446

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EXAMINER
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ALPERT, JAMES M

ART UNIT	PAPER NUMBER
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3624

DATE MAILED: 12/13/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

09/735,794

Applicant(s)

WARD ET AL.

Examiner

James Alpert

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 03 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 14 December 2000.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-38 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-38 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date 04/17/01, 04/09/01.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: \_\_\_\_\_.

### **DETAILED ACTION**

The application has been reviewed, and Claims 1-38 are pending. The objections and rejections are as stated below.

#### ***Claim Rejections - 35 USC § 101***

35 U.S.C. §101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. §101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 1-38 are rejected under 35 U.S.C. §101 because the claimed invention is directed to a non-statutory subject matter. Specifically the method claims as presented do not claim a technological basis in the pre-ambles and the body of the claim. Without a claimed basis, the claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore non-statutory under 35 U.S.C. §101. In contrast, a method claim that includes in the body of the claim, some structural / functional interrelationship which can only be computer implemented is considered to have a technological basis [See Ex parte Bowman, 61 USPQ2d 1669, 1671 (Bd. Pat. App. & Inter. 2001) - used only for content and reasoning since not precedential].

Claims 1-38 are directed toward a method for determining netted margins. However, the preamble and the body of the independent claims do not indicate that a computer system executes the methods. Nor do the claims indicate use of a medium

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for electronic storage of information. In order to overcome the 101 rejection above, the following preamble is suggested:

A computer implemented method for ---, or something similar.

Also, in the body of the claim, include some structural / functional interrelationship which can only be computer implemented.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

Claims 1-5,7-13,15-17,20-22,24-26,29-31,33-35, and 37-38 are rejected under 35 U.S.C. 102(b) as being anticipated by Electronic Bulls and Bears: Securities Markets and Information Technology, September 1990. (hereinafter, "Bears")

**With regard to Claim 1**, Bears teaches a method comprising:

inputting position information from a plurality of clearers;  
(p. 101 paragraph 6, p. 102, paragraph 3)

determining a netted margin position and a cover for an entity, based upon said position information; and (p. 102 paragraph 3)

outputting the netted margin information and the cover to the plurality of clearers.  
(p. 102 paragraph 3)

**With regard to Claim 2**, Bears teaches a method wherein:

wherein determining the netted margin position is performed using portfolio analysis.  
(p. 102 paragraph 3)

**Claims 11,20, and 29** are rejected under a similar analysis.

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**With regard to Claim 3**, Bears teaches a method wherein:

the netted margin position netted margin position is performed by netting-out equivalent but opposite inputted positions. (p. 102 paragraph 5)

**Claims 12,21, 30 and 38** are rejected under a similar analysis.

**With regard to Claim 4**, Bears teaches a method further comprising:

inputting margin information from a plurality of clearers; and  
(p. 102 paragraph 3)

determining a gross margin based upon the inputted margin information.  
(p. 101 paragraph 7)

**Claims 13,22, and 31** are rejected under a similar analysis.

**With regard to Claim 5**, Bears teaches a method further comprising:

determining margin charges for the plurality of clearers based upon the inputted position information; and determining a gross margin based upon the margin charges.  
(p. 102 paragraph 3)

**Claims 15,24 and 33** are rejected using a similar analysis.

**With regard to Claim 7**, Bears teaches a method wherein:

determining the cover is performed by calculating the difference between the netted margin positions and the gross margin. (p. 101 paragraph 7, continued onto p. 102)

**Claims 16,25 and 34** are rejected under a similar analysis.

**With regard to Claim 8**, Bears teaches a method wherein:

the entity is a financial institution.  
(p. 102 paragraph 4)

**Claims 17,26, 35, and 37** are rejected under a similar analysis.

**With regard to Claims 9-10**, Bears teaches a method comprising:

outputting payment instructions to the entity based upon the netted margin information, and outputting the cover to the plurality of clearers, and

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the entity makes payments to the plurality of clearers based upon the payment instructions.

(p. 102 paragraph 1, p. 102, paragraph 3)

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

To summarize from above, Bears teaches:

inputting position information from a plurality of clearers; determining a netted margin position and a cover for an entity, based upon said position and margin information; and outputting the netted margin information and the cover to the plurality of clearers.

Claims 6,14,23,32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Electronic Bulls and Bears: Securities Markets and Information Technology, September 1990 (hereinafter, "Bears") in view of Monster.com, Company Boulevard, The Options Clearing Corporation, August, 2000. (hereinafter, "Monster")

**With regard to Claim 6**, Bears does not specifically disclose a method further comprising:

securing a capital guarantee for the difference between the gross margin and the determined netted margin.

However, Monster does teach this limitation at (p. 1 paragraph 4). It would have been obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Bears disclosing a cross-margin method to include a guarantee of the difference between the gross margin and net margin. The motivation

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for such a combination would be to make the process of clearing securities much more efficient to investors and the exchanges they trade on. In reality this combination has now occurred, as disclosed by Monster. **Claims 14, 23 and 32** are rejected under a similar analysis.

Claims 18-19,27-28,36 are rejected under 35 U.S.C. 103(a) as being unpatentable over Electronic Bulls and Bears: Securities Markets and Information Technology, September 1990 (hereinafter, "Bears").

**With regard to Claims 18-19**, Bears does not teach a method comprising:

outputting a rebate to the entity based upon the netted margin information, and  
outputting the cover to the plurality of clearers; and

inputting a plurality of rebates from the plurality of clearers.

However, the examiner takes Official Notice that payment adjustment mechanisms such as rebates are old and well known in the art. As such, it would have been obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Bears, disclosing a cross-margin method, to include a rebate method wherein funds are collected and then rebated. The motivation for such a combination is to encourage investment: by offering any number of possible payment arrangements, capital can flow freely.

**With regard to Claims 27-28**, Bears does not teach a method comprising:

outputting rebate instructions and the cover to the plurality of clearers based upon the netted margin information; and wherein

the pluralities of clearers send rebates to the entity based upon the rebate instructions.

However, the examiner takes Official Notice that payment adjustment mechanisms such as rebates are old and well known in the art. As such, it would have been obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Bears, disclosing a cross-margin method, to include rebate instructions and a method clearers respond to the instruction with payments. The motivation for such a combination is to encourage investment: by offering any number of possible payment arrangements, capital can flow freely.

**With regard to Claim 36**, Bears fails to expressly disclose a method comprising: generating a statement with the netted margin cost; and sending the statement to the entity.

However, the examiner takes Official Notice that generating and sending payment statements is an old and well-known practice in the art. As such, it would have been obvious to one of ordinary skill in the art at the time applicant's invention was made to modify the teachings of Bears, disclosing a cross-margin method, to include processes for generating and sending payment instructions to financial entities. The motivation for such a combination is to encourage investment: by offering any number of possible payment arrangements, capital can flow freely.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- a) Eichenwald, Landmark Pact Reached on Cross-Margining, Journal Record, Oklahoma City, OK, Sept. 28, 1988  
<http://proquest.umi.com/pgdweb?RQT=309&VInst=PROD&VName=PQD&VType=PQD&sid=1&index=0&SrchMode=1&Fmt=3&did=000000175307631&clientId=19649> .



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- b) Scheinberg et al., U.S. Patent Application #20020178102, Nov. 28, 2002, Margin Release System for an Electronic-Based Market.
- c) Sadre, U.S. Patent Application #20040153403, Aug. 5, 2004, Open Clearing System.
- d) Push, U.S. Patent Application #20020035531, Mar. 21, 2002, Common Margin Settlement Vehicle and Method of Margining Exchange-Traded Futures Contracts.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (703) 305-4001. The examiner can normally be reached on M-F 9:00-5:30. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on (703) 308-1065. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). Respectfully,

  
James M. Alpert  
December 7, 2004

 12/07/04

**JAGDISH N. PATEL  
PRIMARY EXAMINER**